

Message Text

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SUBJ: COUNCIL OF MINISTERS ADOPTS NEW BUDGET FOR 1975

DEPT PASS EXIM FOR MALLOY

REF: STATE 200921

1. SUMMARY. SEPTEMBER 18 COUNCIL OF MINISTERS ADOPTED RECORD BALANCED BUDGET FOR 1975 OF DOLS 260 MILLION. BUDGET, WHICH IS 320 PERCENT INCREASE OVER ORIGINAL BUDGET FOR 1974, IS ALSO FIRST BUDGET HEAVILY WEIGHTED TOWARD DEVELOPMENT WITH 70 PERCENT OF ITS TOTAL EARMARKED FOR DEVELOPMENT PROJECTS. IT WILL LARGELY BE FINANCED BY GABON'S INCREASED PETROLEUM REVENUES. END SUMMARY.

2. THE COUNCIL OF MINISTERS, WITH PRESIDENT BONGO PRESIDING, MET SEPTEMBER 18 AND ADOPTED NEW BUDGET FOR 1975. BUDGET, WHICH IS BALANCED, IS AT LEVEL OF 151 BILLION, 400 MILLION CFA (ABOUT DOLS 620 MILLION). THIS IS INCREASE OF 320 PERCENT OVER ORIGINAL 1974 BUDGET OF ABOUT DOLS 200 NLLLION. (DURING COURSE OF 1974, HOWEVER, 1974 BUDGET WAS RAISED TO ABOUT DOLS 375 MILLION.) MINISTER OF FINANCE MOUUKMBI
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STATED THAT VASTLY INCREASED BUDGET POSSIBLE BECAUSE OF

INCREASED PRICE AND PRODUCTION OF GABON'S PETROLEUM AND SAID THERE WILL BE NO INCREASE IN TAXES. LOCAL BANKER EXPRESSED SAME OPINION STATING THAT PETROLEUM WAS REALLY ALL THAT MATTERED IN GABONESE ECONOMY AND THAT, IF PRODUCTION INCREASED AS EXPECTED AND PRICES REMAINED AT PRESENT LEVELS OR PERHAPS EVEN SLIGHTLY LOWER, GABON WOULD BE ABLE TO SUPPORT BUDGET OF THIS SIZE.

3. MOUKAMS STRESSED THAT WHEREAS 1974 BUDGET WAS ABOUT EQUALLY DIVIDED BETWEEN DEVELOPMENT EXPENSES AND ADMINISTRATIVE EXPENSES, THE NEW BUDGET CONSECRATED 70 PERCENT OF THE TOTAL, OR 107 BILLION CFA (DOLS 446 MILLION) TO DEVELOPMENT AND ONLY 30 PERCENT TO ADMINISTRATION. INCLUDED IN DEVELOPMENT BUDGET IS DOLS 9.6 MILLION FOR FINANCING TRANSGABON RAILROAD, DOLS 83 MILLION FOR LARGE PROJECTS ALREADY BEGUN OR PLANNED SUCH AS DAM IN INTERIOR, AND DOLS 222 MILLION FOR "PUR" DEVELOPMENT PROJECTS SUCH AS CONSTRUCTION OF ROAD NETWORK, BRIDGE BUILDING, IMPROVEMENT OF PORT AT PORT-GENTIL AND INDUSTRIAL INVESTMENTS SUCH AS PLANNED PAPER FACTORY AT KANGO AND AGJB-INDUSTRIAL COMPLEX IN HAUT-OGOOUE. IN ADDITION, PORTION OF BUDGET WILL BE USED TO BUY PARTICIPATION FOR GABON IN CERTAIN COMPANIES WHICH OPERATE HERE SUCH AS ELF-GABON AND SHELL-GABON. MOUKAMBI STATED BUDGET WAS "ENCOURAGING AND IMPORTANT BECAUSE IT PLACES GABON AMONG MOST ADVANCED OF ALL COUNTRIES IN FRANC ZONE."

4. COMMENT: BUDGET'S EMPHASIS ON DEVELOPMENT GIVES TEETH TO PRESIDENT BONGO'S STATED DESIRE TO BRING ABOUT GABON'S DEVELOPMENT. SOME OF ABOVE DATA MAY HELP FULFILL EXIM'S REQUEST IN STATE 200921. IN THE NEXT WEEK EMBASSY WILL BE RESPONDING MORE FULLY TO THAT CABLE AS WELL AS TRYING TO FIND OUT MORE ABOUT BUDGET PROJECTS AND IMPLICATIONS. COUNTRYMAN

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